

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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FM AMCONSUL MILAN

TO SECSTATE WASHDC 4839

AMEMBASSY ROME

C O N F I D E N T I A L MILAN 1692

ROME PLEASE PASS TO DCM FOR AMBASSADOR HINTON

E.O. 11652: GDS

TAGS: PINT, PFOR, IT

SUBJECT: CONVERSATION WITH PIERO OTTONE, CORRIERE DELLA SERA

REF MILAN 1484

1. VISITING AMBASSADOR DEANE HINTON AND EXECUTIVE OFFICER CALLED ON CORRIERE DELLA SERA EDITOR PIERO OTTONE JULY 23. OTTONE WAS DOWN ON DC AND SOCIALISTS, UP ON EUROPEAN COMMUNITY. AS FOR PCI, HE PRONOUNCED IT "IN TRANSITION."

2. OTTONE FIRM THAT AT THIS POINT DC SHOWS NO SIGNS OF REAL RENEWAL. DC OLD GUARD USING ELECTORAL REPRIEVE TO GO BACK TO SAME OLD TRICKS. PARTY'S PRIME MINISTER-DESIGNATE IS THIRTY-YEAR VETERAN. NEW PEOPLE NOT BEING CONSULTED, EVEN INCLUDING UMBERTO AGNELLI. THAT WAS REALLY DISCOURAGING. AGNELLI WENT IN WITH SUCH FANFARE AND HASN'T BEEN HEARD FROM SINCE. OTTONE CONCEDED, HOWEVER, THAT IT WAS TOO EARLY TO GIVE FINAL READING ON AGNELLI'S INFLUENCE IN PARTY.

3. BUT WHAT WILL BE EFFECT OF OTHER YOUNG DC MEMBERS OF PARLIAMENT ON PARTY, OTTONE WAS ASKED. WHAT ABOUT MASSIMO DE CAROLIS? "A LIGHTWEIGHT WITH NO POLITICAL VISION," WAS  
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UNHESITATING RESPONSE. OTTONE WAS CLEARLY UNIMPRESSED WITH

POSSIBILITIES FOR REFORM FROM DIRECTION OF YOUNGER  
GENERATION.

4. PSI FARED NO BETTER. IT WAS PARTY WHICH HAD FAILED, AND  
BETTINO CRAXI'S DESIGNATION AS NATIONAL SECRETARY WAS NOT  
WHAT SOCIALISTS NEEDED. OTTONE DID NOT ELABORATE.

5. WHAT WAS THE ANSWER? OTTONE STRUCK UP HIS LAY ALLIANCE  
THEME (REFTEL). SMALLER PARTIES SHOULD POOL THEIR RESOURCES  
AND SEE WHAT THEY COULD DO. IT WAS NO GOOD DEPENDING ON THE  
DC.

6. AND WHAT ABOUT PCI? WHAT DOES COMMUNISTS' ECONOMIC  
PROGRAM TELL US ABOUT DIRECTION THEY'RE HEADED IN? PCI,  
ANSWERED OTTONE, IS PARTY IN TRANSITION FROM RIGID MARXIST  
APPROACH TO MORE LIBERAL ONE. NOT SURPRISING, THEN, THAT  
COMMUNISTS' ECONOMIC PROPOSALS SHOW CONTRADICTIONS. FURTHER-  
MORE, PCI PROGRAM CONTAINS ELEMENTS THAT NEED NOT BE TAKEN  
SERIOUSLY. CALLS FOR INCREASED TRADE WITH EASTERN EUROPE,  
FOR EXAMPLE, ARE DE RIGUEUR FOR PCI, BUT LIKELY TO FADE  
QUICKLY IF PARTY EVER IN POSITION TO DO ANYTHING ABOUT  
MATTER.

7. TURNING TO EC, OTTONE MAINTAINED ITALY HAS BEEN MORE  
CONSTANT IN HER ADHERENCE TO UNITED EUROPE THAN OTHERS.  
BRITAIN JOINED ONLY WHEN IN DECLINE AND SPECIAL RELATION-  
SHIP WITH US WAS SLIPPING. GERMANS, WHO USED TO BE BEST  
EUROPEANS AND WERE STILL GOOD ONES, NONETHELESS WERE FEELING  
THEIR STRENGTH RECENTLY, NOT GOOD THING FOR EUROPE. ITALY  
HAD PLEDGED HERSELF EARLY TO CAUSE OF EUROPE AND HAS KEPT  
FAITH. NEVERTHELESS, HE SAID, ELECTIONS FOR EUROPEAN  
PARLIAMENT IN 1978 WILL NOT CREATE REAL ENTHUSIASM IN ITALIAN  
ELECTORATE.

8. FINALLY, WHAT WAS OTTONE'S COUNSEL FOR US? WHAT SHOULD  
WE AND SHOULD WE NOT BE DOING? ANSWER WAS FOURFOLD. FIRST,  
AMERICAN STATEMENTS CONCERNING DANGERS OF PCI PARTICIPATION  
IN GOVERNMENT HAD BEEN GOOD. THEY HAD SERVED USEFUL PURPOSE  
IN ITALIAN ELECTORAL CAMPAIGN. SECOND, US SHOULD CONTINUE  
TO MAKE EFFORT TO EXERT POSITIVE INFLUENCE ON PRO-WESTERN  
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ITALIANS, ESPECIALLY ENCOURAGING THOSE INTERESTED IN PROGRESS  
AND REFORM. THIRD, US SHOULD CHANNEL LOANS NOT TO GOI -

WHICH WOULD LARGELY MISUSE MONEY - BUT SHOULD TIE IT TO  
SPECIFIC PROJECTS AND PURPOSES. FOURTH, US SHOULD BE VERY  
CAREFUL LEST, IN PURSUING POLICIES IN HER INTEREST, SHE  
INADVERTENTLY TRAMPLE UNDERFOOT HER SMALLER AND MORE FRAGILE  
FRIENDS. SALES OF IMF GOLD WERE CASE IN POINT. VALUE OF

ITALIAN GOLD RESERVES GREATLY ERODED BY FALL IN GOLD PRICE,  
CONSEQUENCE SURELY NOT INTENDED BY US BUT ALL TOO REAL FOR  
ITALY. AMBASSADOR HINTON NOTED THAT REAL DAMAGE TO GOLD  
PRICE DONE BY RUSSIANS, WHO HAVE LATELY PUT LARGE AMOUNTS OF  
GOLD ON MARKET, EXPLANATION TO WHICH OTTONE ASSENTED. PARSONS

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